
OLR Bill Analysis

sHB 6560

AN ACT CONCERNING OWNER-OPERATORS OF CERTAIN VEHICLES.

SUMMARY:

This bill makes truck drivers who meet certain conditions independent contractors, rather than employees, for purposes of unemployment compensation. It exempts these drivers from the third prong of a three-prong test used to determine who is an independent contractor for purposes of unemployment compensation. By law, independent contractors are not eligible for unemployment compensation benefits, and the entities that hire them ("contracting entities") are not responsible for paying unemployment taxes on their pay.

EFFECTIVE DATE: Upon passage

INDEPENDENT CONTRACTORS

By law, to be considered an independent contractor, a person must:

1. be free from control and direction in connection with the performance of the service, both under his or her contract of hire and in fact;
2. perform the service either outside the employer's usual course of business or outside of all the employer's places of business; and
3. be customarily engaged in an independently established trade, occupation, profession, or business of the same nature as the service performed.

Under the bill, a truck driver ("owner-operator") in intrastate or interstate commerce does not have to meet the third prong of the test.

A driver is an independent operator if he or she:

1. transports property, for compensation, (a) in a truck or trucks with a maximum loaded weight of more than 10,000 pounds or (b) as a messenger courier business in a truck with a maximum loaded weight of less than 10,000 pounds;
2. owns or leases the vehicle, provided the lease, loan, or loan guarantee is commercially reasonable and is not with the contracting entity or a related entity;
3. receives compensation based on factors related to the work performed, including mileage-based rates, a percentage of any rate schedule, or the time actually spent performing the contracted-for services; and
4. may, without consequence, refuse work or accept work according to law from multiple contracting entities, although he or she may work for a single contracting entity.

Under the bill, a lease arrangement is commercially reasonable if it is on terms equal to terms available in a trucking equipment purchase or lease in customary and usual retail transactions generally available in the state.

The bill does not affect such an owner-operator's obligations under the state income tax.

BACKGROUND

Related Bill

HB 6151, reported favorably by the Labor and Public Employees Committee, makes truck drivers who drive vehicles weighing more than 10,000 pounds and meet certain conditions independent operators for purposes of unemployment compensation.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 34 Nay 0 (03/15/2013)